

USE OF SPONSOR-BASED SHELTER PLUS CARE WITHIN LOW INCOME HOUSING TAX CREDIT UNITS

The Georgia Department of Community Affairs frequently receives questions regarding the ability of Shelter Plus Care (S+C) Sponsors to use Tax Credit units for their S+C program. Both these programs can be combined. However, S+C Sponsors and LIHTC Property Managers should be familiar with the complexities of **both** programs to ensure that lease arrangements meet all statutory and regulatory requirements.

As a Sponsor of S+C Sponsor-Based Rental Assistance, you are required to follow all S+C regulations which states that the units should be leased or owned by the sponsor agency. In order to use a Tax Credit property for this program, you must do the following:

- Make sure that this LIHTC property is the ONLY property available that meets the standards for your S+C program – contract configuration, HQS, location, etc.
- Document your due diligence in looking for an alternative property that is not LIHTC.
- Mark “yes” on #4 of the HQS request form and attach all documentation showing due diligence.
- Familiarize yourself with the restrictions placed on LIHTC properties (listed below).
- Complete the lease addendum provided on the DCA webpage.

The following is a summary of some of the Low Income Housing Tax Credit (LIHTC) program rules that should be considered when a Sponsor is working with a Property Manager of a tax credit development:

- Leases must be executed by an eligible tenant, not by the Sponsor.
- Vacant units should not be “held” waiting for an eligible shelter plus care tenant.
- The initial lease term must be at least six months. Thereafter, the lease can be a month to month basis.
- Master leases should not be utilized.
- Sponsors can execute a lease addendum guaranteeing payment of the rent. The lease addendum can provide that the Sponsor will make rent payments directly to the Property management company. A lease addendum can be found on the DCA webpage at www.dca.ga.gov/housing/specialneeds/programs/ShelterPlusCare_GranteesOnly.asp.
- Continuation in the S+C program should not be a condition of the tenants lease. However, the tenant can be evicted if rent payments are not made to the property management company.

If either the Sponsor or the Property Manager has any questions regarding the LIHTC program, information should be obtained from either a tax credit attorney or tax credit professional.